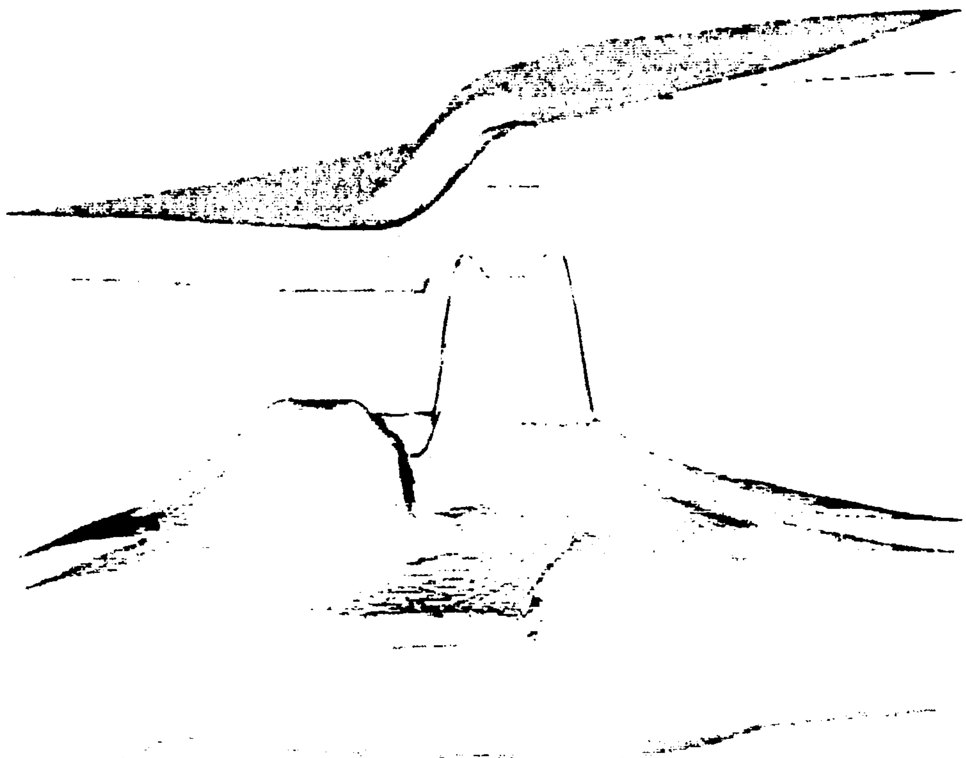
HALLIBURTON COMPANY



1989 ANNUAL REPORT

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Profile

Established in 1919, Halliburton Company is one of the world's largest diversified oil field services and engineering and construction companies. The Company also provides insurance services.

Approximately two thirds of revenues are derived from sales and services to, including construction for, the energy industries. Business is conducted in more than 100 countries around the world, and about one third of revenues is derived from international sales and services.

The oil field services group is a world leader in providing a wide range of services and products used in the exploration, development and production of oil and gas.

The engineering and construction services group is one of the world's largest providers of engineering, construction, project management, facilities operation and maintenance, and environmental services for industrial and governmental customers.

The insurance services group provides property and casualty insurance and healthcare cost management services.

ABOUT THE COVER

New advanced computer software technology is helping geologists and geophysicists see what's beneath the surface. This colorful three-dimensional representation of a faulted Louisiana salt dome is part of a software program known as MIMIC. It was developed by Sierra Geophysics Inc., a company acquired by Halliburton in 1989 to broaden the oil field services group's geophysical interpretation and reservoir description services capabilities.

Contents

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Comparative Highlights

	1989	1988	Increase (Decrease)
	(Dollars in millions except per share data)		
Net income per share	$ 1 27	$ 89	$ 38
Cash dividends paid per share	1 00	1 00	—
Shareholders equity per share	19 90	19 80	10
Revenues	5 661 2	4 838 7	822 5
Operating income	239 2	152 8	86 4
Net income	135 0	93 6	41 4
Long term debt	198 8	199 6	(8)
Shareholders equity	2 119 1	2 107 2	11 9
Acquisitions of property plant and equipment	202 4	168 9	33 5
Depreciation and amortization	244 6	225 0	19 6
Shareholders of record	23 716	29 827	(6 111)
Common shares outstanding at yearend	106 473 000	106 401 000	72 000

Quarterly Common Stock Price Ranges

(New York Stock Exchange)

	First		Second		Third		Fourth	
	High	Low	High	Low	High	Low	High	Low
1989	$31⅛	$27½	$34¼	$28⅝	$40½	$33½	$44½	$34¾
1988	$34¾	$24⅝	$36[illegible]	$29[illegible]	$30⅜	[illegible]	$28[illegible]	$25

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To Our Shareholders

In 1989 we continued the operating and financial strategies we began in 1986 and prior years. Our primary objective is to improve the services and products we offer to our customers in order to make them more successful in their businesses while at the same time improving our own financial results. We have continued the emphasis on our oil field services and engineering and construction groups, and both groups expanded the scope of their business activities during the year.

Our financial results improved in 1989 despite a weak first quarter. Net income of $135.0 million or $1.27 a share represented a 43 percent increase over 1988. Net income increased each quarter during the year. However, during the first half of 1989 we experienced weakened demand for oil field services and products when, as we had anticipated, oil and gas drilling activity declined in the United States. This weakness started in the second half of 1988 and continued into the second quarter of 1989. Fortunately, domestic oil and gas drilling activity improved in the second half of the year. However, international activity continued at the slightly lower levels we expected.

As we enter the 1990s we expect oil and gas activity to continue to expand worldwide. Demand is increasing and production continues to decrease in many countries including the United States.

Thomas H. Cruikshank, chairman of the board and chief executive officer of Halliburton Company, at the operations control center of the Information Services Center at Arlington, Texas. The control center is the hub of a vast data and communications system which links Halliburton operations in over 100 countries around the world. It is staffed seven days a week around the clock.

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and the Soviet Union. These trends will cause Middle Eastern OPEC countries such as Saudi Arabia, Iraq, Iran and Kuwait to become the dominant suppliers of the world's petroleum supply by the middle of the decade. Although higher production from these countries will serve to restrain the price of oil, we expect oil prices to rise moderately during the next several years. This will encourage increased oil and gas exploration and production. Thus, we expect improved demand for our oil field services and products in all major markets.

The consequences of these trends will have a very adverse effect on the United States' balance of trade. United States oil production is now falling at an alarming rate with no improvement in sight. In 1989 we imported about 46 percent of the oil we consumed, and imports have recently exceeded 50 percent of consumption. During the coming decade our country will be required to import larger and larger amounts of our total petroleum requirements at increasing prices. The total cost of these imports could exceed $[illegible]00 billion a year by the end of the 1990s unless the United States energy policy significantly improves the political and economic climate for exploration in this country.

Although our financial results improved in 1989, we have not achieved a long term objective of 15 percent return on equity with continuing growth of net income. Further improvement is required in all of our major business units. During 1989 we disposed of several businesses where our continued participation no longer served to further the strategic objectives of the Company, and we felt that our investment could be better employed elsewhere. We will continue to dispose of assets that cannot meet these objectives, improve organizational structure and eliminate unnecessary costs, while at the same time investing to improve competitive advantage in those business units where we can achieve our goal.

We must also implement strategies to improve prices for our services and products. Much of our revenue is currently generated at price levels significantly below those existing in 1980. Although we do not expect to return to those levels soon, we do not plan to add capacity in those markets where profit margins do not permit us to achieve our financial goals. Price improvement, where justified, will be a goal throughout our Company during 1990.

We increased our capital expenditure budget by more than [illegible]5 percent during 1989, to $254 million, as we experienced improved market conditions. For 1990 we have adopted a capital expenditure budget of $[illegible]95 million, and we expect that this amount will increase if our oil field services markets improve during the year. In order to fund the capital needs of the Company, we have emphasized management of our cash resources. This has become an increasingly complex task as our business units have continued to expand their international activities. In 1989 our business units did a good job of managing working capital requirements as their revenues expanded.

During the last several years we have made a number of acquisitions in order to implement strategies of our business units. We believe we have paid reasonable prices and gained value in each case. In 1989 a major management objective was the combination of recent acquisitions with existing or previously acquired business units. This is a critical process because nearly all of our acquisitions have been people intensive businesses. In some cases this process has taken longer and has been more costly than we anticipated, but we are satisfied that the extra effort will result in stronger, more competitive businesses.

We will continue to use carefully selected acquisitions to obtain needed technologies, expand geographic markets and extend our existing strengths into new businesses. It is likely that most of these acquisitions will be relatively small and related to specific needs of one of our business units. Others will accomplish objectives of a broader nature. We do not intend to make acquisitions which move us away from our core businesses, although we will look for opportunities to extend those businesses.

As we address the challenges of the 1990s, we have two overriding parameters to our strategic objectives: safety and quality. The safety of the workplace for our employees is of utmost concern to us, and we continually seek to improve work practices and products in order to safeguard our employees, customers and the public.

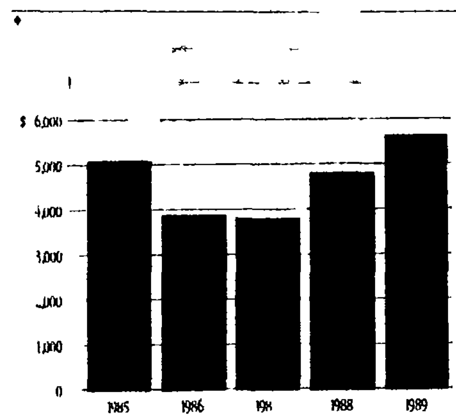
Continued emphasis on improving the quality of services and products enhances our emphasis on safety. We seek to make quality improvement an ongoing goal and an integral part of our management. Although we have made considerable progress, we are increasing quality improvement programs throughout our Company.

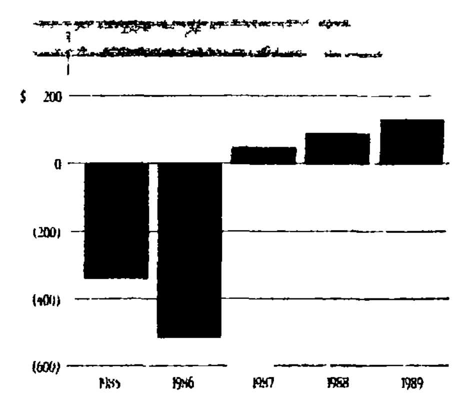
Again this year I would like to express my appreciation to our employees for their dedication, skill and perseverance. During the 1980's most of our business units went through depressed business environments in which employment levels were significantly reduced. As the oil field services group and the engineering and construction services group begin to grow again, our ability to train and retain skilled employees is a major challenge and a critical requirement for our profitable growth. Training at all levels of our Company is a major commitment and it is critical to the accomplishment of our safety, quality and profitability goals.

Respectfully submitted,

Thomas H. Cruikshank

Thomas H. Cruikshank
Chairman of the Board and
Chief Executive Officer





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Halliburton Services Division

World leader for cementing and stimulation services for the petroleum industry

Otis Engineering Corporation

Specialized equipment and services for completion, production and control of oil and gas wells worldwide

Halliburton Logging Services Inc

Co p ter ed wireline ell logg g d jet perfo t ng ser ces f the petrol m nd st y orldw d

Halliburton Geophysical Services Inc.

Geophysical services and systems for the petroleum industry worldwide

Halliburton Reservoir Services

Comprehensive well testing and reservoir evaluation services to the petrol um ndi stry world ide

Halliburton Resource Management Division

Rental eq pn ent f compre s proce g d tions q d product n f il a d gas

Sierra Geophysics Inc

Ad a ed tech ology oft re f n ng i l i e b xplorati i d development

Halliburton Geodata Ltd.

Measurement-while-drilling and surface data logging services world ide

Overview

Halliburton Company's oil field services group made significant progress on several fronts during 1989 The group's financial results led by the strong performance of Halliburton Services and Otis Engineering reached the highest level of profitability since 1985 Over the past two years the Company has established an industry leadership position in providing the component services for reservoir description These services which include geophysical and logging services accounted for more than 30 percent of the group's revenues in 1989

The results achieved during 1989 clearly demonstrate that the group's strategy is working Halliburton's objective is to make its customers more successful wherever they operate whatever the magnitude and complexity of their needs This goal is supported by the group's commitment to continued technological leadership worldwide marketing of products and services continual improvement of the quality of products and services offered maintenance of a safe work environment for the group's employees and earning a reasonable profit

General market conditions for the oil field services group's products and services were weaker in 1989 compared to 1988 Activity levels as measured by the average number of rotary rigs drilling wells worldwide declined by about 11 percent Drilling and workover activity began to improve in the second half of 1989 reflecting a return of customer confidence that oil prices would remain high enough to economically justify increased exploration and development spending This confidence was supported by oil prices that increased by more than 25 percent during 1989

Financial Review

The oil field services group's revenues increased to $2 4 billion in 1989 up 13 percent from 1988 This increase was accomplished despite lower drilling activity Revenues generated in the United States declined by three percent while international revenues and export sales increased by 32 percent

	1989	1988	1987	1986	1985
Revenues	$2,448 0	$2 173 0	$1 549 2	$1 797 7	$2 925 1
Operating Income (Loss)	168 2	95 8	17 7	(354 0)	363 0
Depreciation and Amortization	204 4	187 1	182 9	236 5	271 2
Capital Expenditures	166 5	128 5	48 9	80 6	198 7
Identifiable Assets	1 995 1	2 117 8	1 537 8	1 789 8	2 533 4
Employees	26,000	27 600	18 600	18 700	29 200

Includes special write-downs of $308 6 million in 1986

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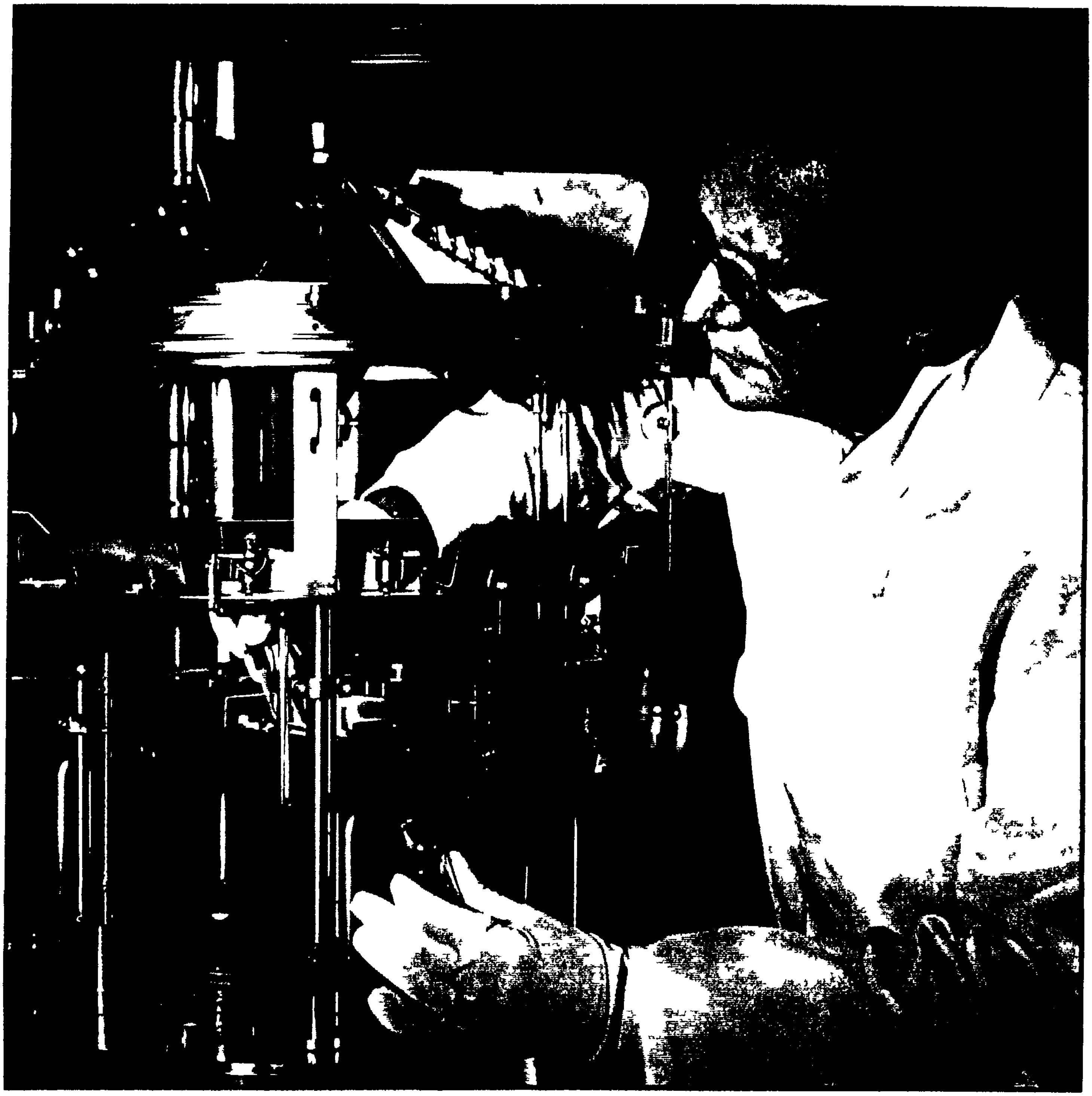

Since its introduction into field use in 1988, the Halliburton Memory Recorder (HMR) has become the industry standard for pressure gauge technology. The quartz crystal pressure transducers which form the heart of the HMR gauging system are assembled under rigid environmental conditions at the Halliburton Research Center at Duncan, Oklahoma. Here, Jack Elam, electronics technician, operates a vapor deposition system which bonds a thin film of molten gold leaf onto the quartz transducer. The gold helps to fine tune the frequency of the crystal.

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It has the look and consistency of a vanilla milk shake, but it is actually a new type of foam being tested by Phil Harris, a Halliburton Services research chemist. Foams are being used with increasing frequency in field stimulation jobs because they create longer, wider fractures with less fluid volume, are often easier to pump and achieve better proppant distribution in the fracture.

The group has adjusted to place more emphasis on international markets where customers are spending a larger percentage of their exploration and development budgets. As a result, the oil field services group's international and export sales business has increased from 37 percent of total revenues in 198[illegible] to 44 percent in 1988 and 5[illegible] percent last year. Although demand in the United States is beginning a gradual recovery, international markets are expected to continue to generate more than one half of the group's revenues.

Operating income of the group reached $168.2 million in 1989 compared to $95.8 million in 1988. The increase in profitability experienced in 1989 resulted from a combination of an improved mix of more technical products and services sold, larger jobs and benefits from cost control programs. Prices generally remained at 1988 levels and did not significantly benefit profitability in 1989.

Capital expenditures increased to $166.5 million, up 30 percent from $128.5 million a year earlier. The increased spending was largely dedicated to replacing field service equipment and adding capacity in certain international markets.

Total oil field services employment declined by 1,600 during 1989 to 26,000 employees. The reduction was largely due to the elimination of duplicate job functions relating to the reorganization of the group's Halliburton Geophysical Services and Halliburton Logging Services business units.

Halliburton Services and Otis Engineering Lead Progress

Halliburton Services and Otis Engineering were the primary contributors to the improved earnings of the oil field services group in 1989.

Halliburton Services' revenues expanded modestly and operating profits increased substantially, primarily due to better margins in the United States.

The company benefited from increased natural gas drilling and workover activity on existing wells in the United States. More than 800,000 producing oil and gas wells in the United States are the foundation of the workover business because they periodically require services to maintain or enhance their production capabilities.

During 1989, Halliburton Services initiated a number of programs designed to expand its international business. One program introduced the use of ultra high pressure fracturing treatments, using new intensifier type pump designs, in Yugoslavia and other Eastern European countries. The market for oil field services and products in Eastern Europe and the Soviet Union is very large and is being pursued by Halliburton Services and other oil field services group business units in many areas.

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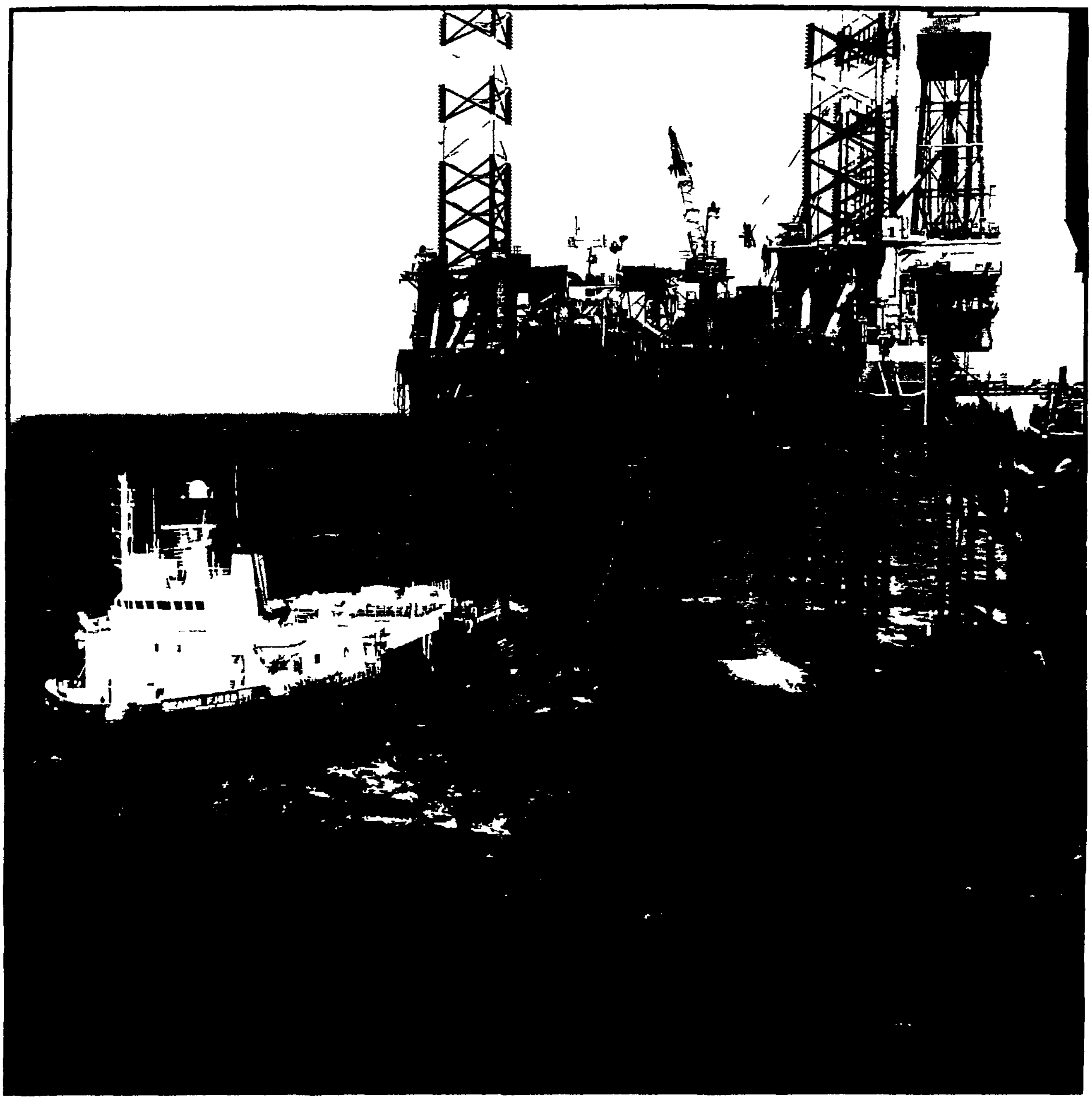

Working from the *Skandi Fjord*, the largest stimulation vessel in the world, Halliburton Services BV of The Netherlands set two records in 19[illegible] that dwarf those previously existing in the industry. During a stimulation program in the Danish sector of the North Sea, the *Skandi Fjord* treated nine different zones on one [illegible],000-foot section of a horizontal well. Halliburton pumped 8.6 million pounds of sand proppant over a 31-day period, the most sand ever pumped into any offshore well, *and the largest single frac job performed on an offshore horizontal well.*
Here the vessel is alongside the *Maersk Endeavour*, the platform on which the record job was performed.

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Until recently, completion and maintenance operations on subsea wells in the North Sea were limited to semi-submersible drilling rigs or other stationary vessels employing a rigid riser. Now Otis Engineering and Rockwater Offshore Contractors, a Halliburton joint venture, have developed the Subsea Well Intervention Services (SWIS) system. SWIS enables customers to conduct subsea operations and maintenance from many types of vessels, such as diving support vessels, work barges and small and large semi-submersible rigs, without a rigid riser — saving them both time and money.

Otis Engineering also experienced modest growth of revenues and strong improvement of operating income. Otis has established a substantial international presence, and in 1989 more than 55 percent of its revenues were generated by international and export business. These revenues were derived from sales in 53 countries around the world, including the Soviet Union and other Eastern European countries.

Otis is a major proponent of the Quality Improvement Process (QIP), which has been established as a major business strategy for the entire Company. The success of QIP is the result of close management and employee working relationships in all functional areas, including manufacturing, engineering, field service and administrative functions. QIP at Otis has resulted in lower raw materials inventories, improved manufacturing and engineering productivity, streamlined inspection procedures and reduced response and delivery times. The net result of QIP is higher productivity, substantial cost savings and greater customer satisfaction.

Close working relationships between Halliburton business units also help to better meet customer needs. The Subsea Well Intervention Services (SWIS) System is an example of this competitive advantage. SWIS allows fast, economical subsea wireline and reeled tubing services from many types of vessels without a rigid riser. These services are jointly provided by Otis and Rockwater Offshore Contractors, a major provider of underwater construction and maintenance services. Rockwater was recently formed by combining Halliburton's diving services business with Smit Offshore Contractors. Together, Otis and Rockwater offer a complete range of wireline and reeled tubing equipment and services for subsea wells.

World Geophysical Leadership Position Established

Just two years ago Halliburton did not offer products and services to the geophysical market. By combining the operations of Geophysical Service Inc. with those of Geosource Inc., both of which were obtained through acquisitions in 1988, the Company formed Halliburton Geophysical Services, Inc. (HGS).

Although the formation of HGS was announced at the end of 1988, actions to achieve cost reductions and efficiency gains were implemented throughout 1989. Manufacturing sites were reduced from six to three; they are now located in the United Kingdom, The Netherlands and Houston, where HGS is headquartered. Research and technology development capabilities were also consolidated.

Today, HGS employs about 3,600 people in 44 countries worldwide. It operates 17 marine seismic vessels and 63 land crews. A poor market in the United States for seismic work during 1989 was partially offset by HGS's strong presence in international markets. Last year, 80 percent of HGS's revenues were from international business.

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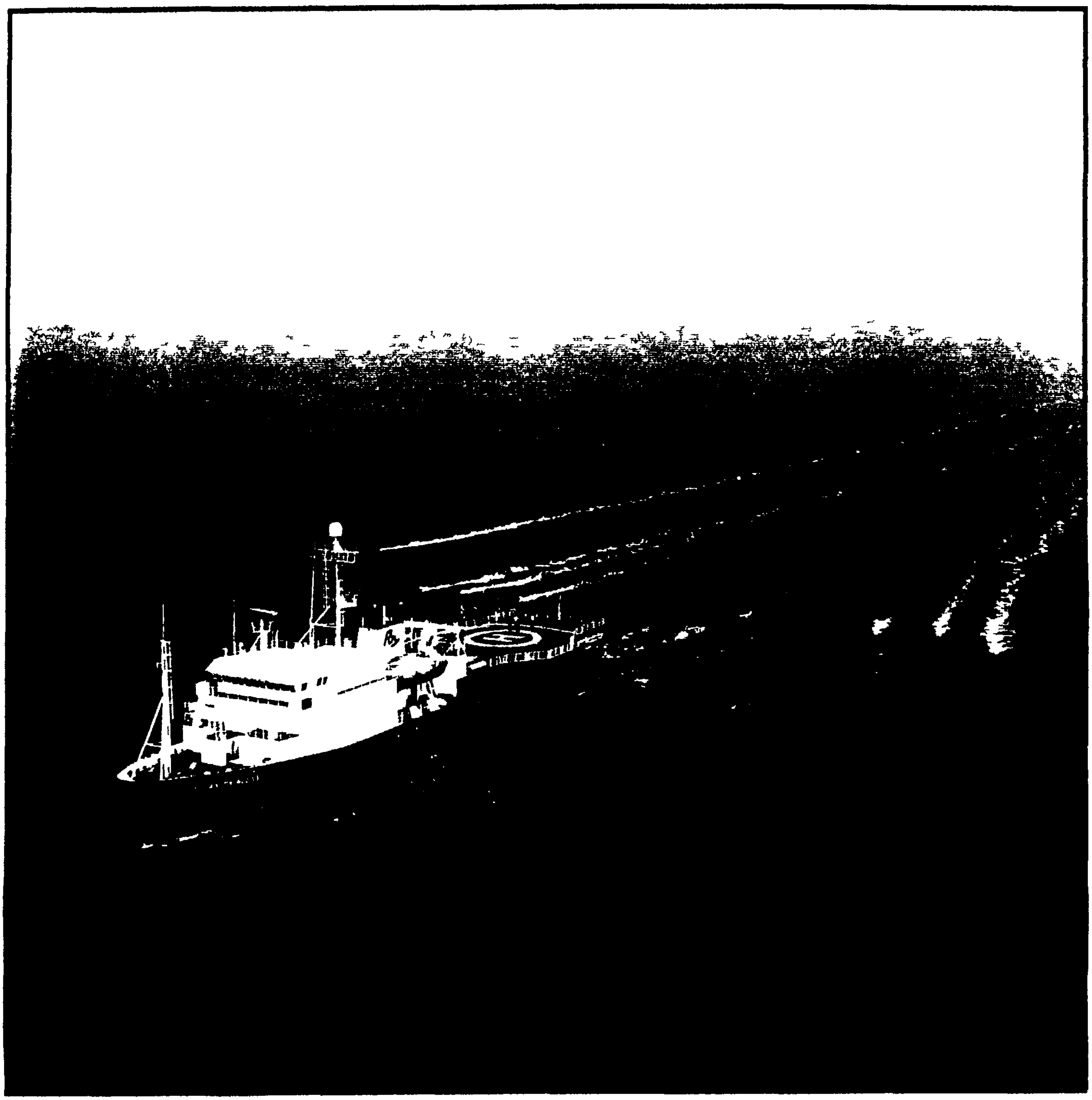

The year 1989 was the first full year of operation for Halliburton Geophysical Services, Inc. (HGS), which was formed in late 1988 by the combination of Geophysical Service Inc. and Geosource Inc. HGS was active throughout the year performing seismic data shoots in the North Sea and other offshore locations. Here the HGS *Polar Prince* conducts data gathering operations offshore The Netherlands. The seismic data is collected by several hundred pressure-sensitive hydrophones contained in long streamers towed behind the vessel at a depth of about [illegible] feet.

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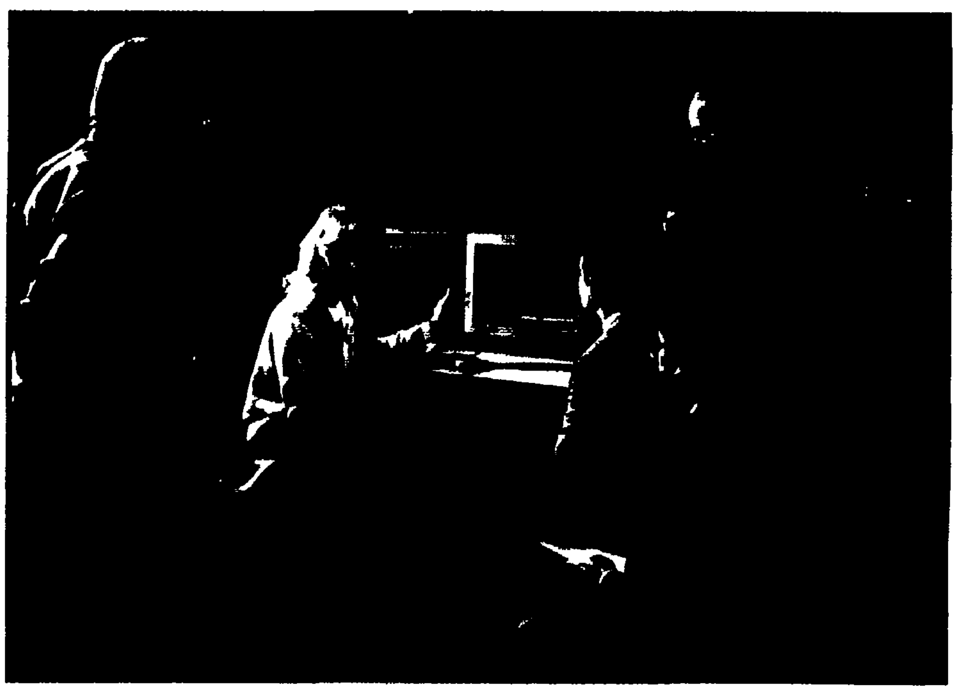
Logging Business Combined

Halliburton Logging Services Inc (HLS) was formed at the end of 1988 by combining Halliburton's Welex Division with the wireline logging business of Gearhart. During 1989 HLS merged the people, equipment and technologies of these businesses to form a worldwide organization that offers a comprehensive array of wireline logging, measurement while drilling and perforating services.

The formation of HLS has resulted in a reduction of operating costs. Headquarters were combined in Houston and 27 duplicate sales and service locations in the United States were eliminated without any loss in customer responsiveness. Major manufacturing operations were consolidated in Fort Worth, where downhole tools and surface equipment are produced. Research and development locations were consolidated, duplicate research efforts were eliminated and new research priorities were established. The consolidation has resulted in a 15 percent reduction of employment levels.

New Business Unit Dedicated to Reservoir Evaluation and Well Testing

Halliburton Reservoir Services (HRS) was formed at the end of 1988 in order to provide drill stem and production testing, data acquisition and reservoir analysis services on a worldwide basis within one business unit. These services previously had been provided independently by several of the oil field services group's units. Halliburton Services, HLS and Otis Engineering each contributed



Gayle Laurin (center), marketing product manager for Sierra Geophysics, demonstrates one of the company's advanced computer software programs for prospective clients at the Kirkland, Washington headquarters. Sierra's customers include most major oil companies and many independent producers, geophysical contractors, mining companies, universities and government agencies.

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skilled technicians, equipment and technology to the formation of HRS. By the end of 1989 HRS had established operations in 57 countries around the world. Accurate, reliable interpretation of reservoir data is critical for customers to make optimal decisions for their exploration and development programs.

The formation of HRS strongly supports the group's strategy to offer a full range of reservoir description services.

Although drilling activity was down in the United States in 1989, the Black Warrior Basin of Alabama kept drillers and oil field service companies busy. This region holds large deposits of pure methane gas which are trapped in shallow coalbeds and which are a valuable addition to the nation's energy supply. Halliburton fractured almost 200 wells in the Black Warrior during the year using jobs similar to this one.

Software Expertise Added to Reservoir Description

Halliburton acquired Sierra Geophysics in 1989 to broaden the oil field services group's geophysical interpretation and reservoir description services capabilities. Sierra built its reputation by providing sophisticated geophysical computer software to leading oil and gas companies around the world. The cover of this annual report is an example of Sierra's capabilities.

More than 100 professional geoscientists and software engineers form the team that designs Sierra's software. Their computer programs target four major areas of exploration and development: geologic interpretation, seismic modeling, seismic processing and seismic interpretation.

Research and Development Achievements

Halliburton's oil field services group continues to invest aggressively in research and development. Research and development expenditures totalled $105 million in 1989, an increase of 55 percent over 1988 and 75 percent above 1987.

The group's achievements during 1989 were both tangible and significant, resulting in 142 patents for new products and processes — an increase of 53 percent over 1988's 93 patents. Halliburton Services, the largest of the Company's oil field services units, received 58 patents and introduced 65 new products last year. The new product introductions were well ahead of the 54 new products developed by the division in 1988.

Many of these new products are cementing and stimulation chemicals. One significant development was PropLok, an economical method for retaining sand and other proppant materials in the formation after fracturing has been completed. PropLok prevents sand and other materials from flowing back to the wellbore. It has been demonstrated that treating a well with PropLok significantly improves the permeability of a fracture.

An important component of Halliburton Services' work at its research facilities in Duncan, Oklahoma, involves joint projects with major energy-producing companies, joint research agreements with universities and participation in consortiums operating within the petroleum industry. These efforts pool the strengths and experience of each participant.

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Technical Leadership Recognized

Halliburton's history of successful technological innovation has been sustained by a highly skilled and dedicated technical staff which includes scientists, engineers, mathematicians and other technologists. At the end of 1989, the group's research activities were being conducted by 1,500 technical employees.

The oil field services group established a technical ladder in 1989, recognizing the outstanding contributions key technical employees have made to advance technology in their respective fields. Initially, the steps of the ladder rise from Contributing Member to Senior Member and Distinguished Member of the Technical Staff.

The three Distinguished Members of the Technical Staff for 1989 are John W. Minear, research associate and manager of the acoustics research section of Halliburton Logging Services; the late John S. Rodgers, senior staff engineer of Halliburton Reservoir Services; and David L. Sutton, senior research chemist of Halliburton Services.

Minear was cited for his contribution to acoustic logging technology; Rodgers for his contribution to well test analysis technology; and Sutton for his contribution to oil well cementing technology, development of cement laboratory instrumentation and the advancement of gas migration and cement expansion technology.

This program will continue to recognize work of distinction contributed by members of Halliburton's technical staff.

To recognize outstanding technical contributions made by Halliburton employees, the oil field service group established a technical ladder in 1989. Over 130 individuals were honored for scientific advances in their respective fields. Three of these recipients were named as distinguished members of the technical staff, currently the highest award bestowed by the group. They are the late John S. Rodgers (left), senior staff engineer with Halliburton Reservoir Services; David L. Sutton, senior research chemist of Halliburton Services; and John W. Minear (opposite page), research associate and manager of the acoustic research section for Halliburton Logging Services.

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Emphasis on Safety

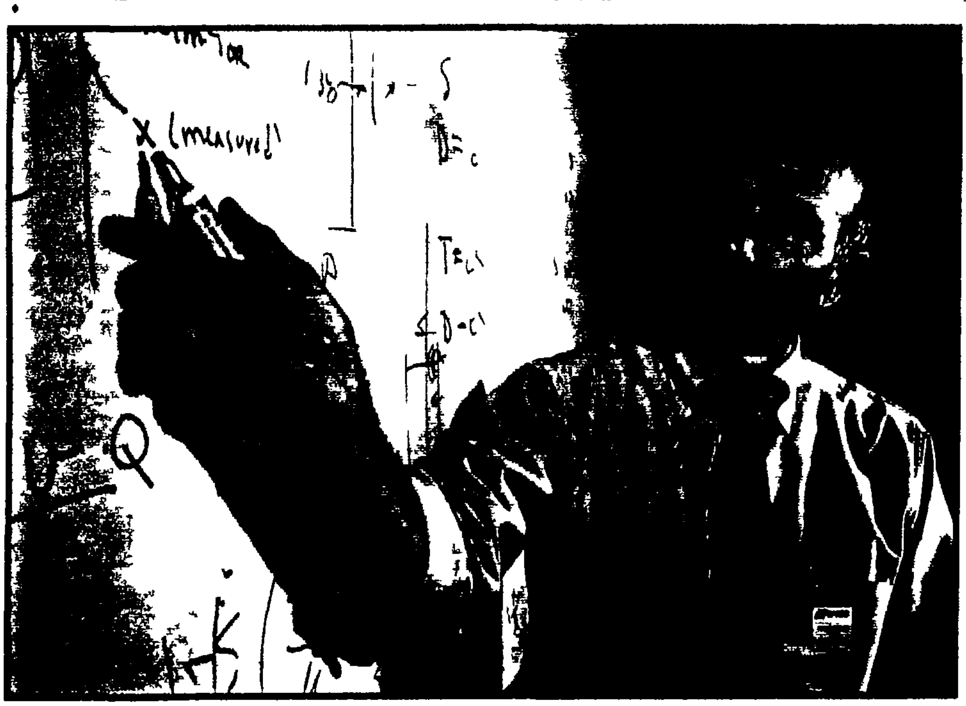
In 1989 Halliburton Services and Otis Engineering were recipients of the Occupational Safety and Health Administration's (OSHA) coveted Star award. The Star award is made to companies whose health and safety programs exceed those prescribed by the federal government. Otis and Halliburton Services are the only companies in the oil and gas services industry ever to earn these awards, and only 64 companies in the United States from all of OSHA's industrial classifications have received Star designations.

The entire Company is proud of Halliburton Services and Otis for achieving Star recognition. The awards are outward evidence of their many years of effort and commitment to providing a safe work environment for all employees.

Outlook

The oil field services group is expected to benefit from gradually strengthening demand in 1990. Customers have indicated that they plan to increase exploration and development spending by slightly more than 10 percent, with a higher proportion to be spent in the second half of the year and in international markets.

In order to better meet demands of the international marketplace, plans are being implemented to establish manufacturing facilities in Singapore and Mexico. A research facility will be opened in Europe during the year. The group continues its commitment to quality improvement, cost reduction, research and employee safety as it achieves its goal of making the Company's customers more successful.



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Brown & Root, Inc.

Worldwide engineering, construction, project management and maintenance services

Brown & Root Braun

Engineering and construction services for the refining, chemical and other related process industries

Brown & Root Marine

Support of the offshore oil and gas industry

Brown & Root Civil

Transportation, water, contract mining and related projects

Brown & Root Forest Products

Global services for pulp, paper and building products

Brown & Root Industrial Services, Inc.

Contract facilities maintenance

Brown & Root Power

Electric utilities and related services

Brown & Root Services Corporation

Operation and maintenance of government facilities

Brown & Root Manufacturing and Process Industries

Basic commodity industries

NUS Corporation

[illegible]

Halliburton Environmental Technologies, Inc.

Remedial engineering and construction services for hazardous waste sites

Overview

The 1988 annual report stated that "The engineering and construction group entered 1989 with a better business outlook than a year ago. The group has a stronger backlog, a more focused organizational structure and generally stronger demand for its services in the United States and international markets."

The business outlook for 1989 proved to be accurate. Many of the business units in the group, particularly the Brown & Root Braun, Forest Products and Marine units of Brown & Root along with NUS, experienced improved demand. The group's sharper strategic focus, combined with improved demand, resulted in 1989 revenues and operating income reaching their highest levels since 1982 and 1983, respectively.

Financial Review

Revenues of the group increased from $2.2 billion in 1988 to $2.9 billion in 1989, a 33 percent gain. Operating income increased 24 percent to $57.7 million. Employment at the end of the year was up 16 percent, to 38,200 employees.

International operations continued to contribute significantly to the group's financial performance. During 1989, 25 percent of the group's revenues and 33 percent of its operating income came from business outside the United States, with operations in Europe and the Middle East making the largest contributions.

The group continued its tight management of capital expenditures and working capital during the year. Capital expenditures declined 13 percent to $33.6 million. Brown & Root continued its program to improve terms of payment for major projects. As a result, the group made significant progress toward achieving the return on investment goals of the Company.

[illegible]

	1989	1988	1987	1986	1985
Revenues	$2 858 3	$2 15? 3	$1 818 4	$1 700 5	$1 853 6
Operating Income (Loss)	57 7	46 6	18 9	(?29 8)*	(?43 1)
Depreciation and Amortization	35 1	34 0	32 6	45 4	72 4
Capital Expenditures	33 6	38 4	?7 4	15 4	40 0
Identifiable Assets	853 6	798 6	789 4	657 3	929 7
Employees	38 200	32 800	?8 800	?7 600	34 700

*Includes special write-downs of $1[illegible] million and [illegible] 5 8 million in 1986 and 198[illegible], respectively

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More than 1,500 engineers and support personnel work at Brown & Root's impressive Chief building in West Houston. The building contains 5[illegible]5,000 square feet of working space for one of the largest engineering and design staffs in the nation. Most of the people in this room and in the building are attached to the Forest Products engineering group, which is currently working on two major pulp and paper mill projects with a combined contract value of over $1 billion.

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CF Braun Strengthens Petroleum and Chemical

Two years ago Brown & Root undertook a program to further integrate its engineering, project management and construction services. Although much of the effort to achieve this objective has been internal, Brown & Root took a major external step in 1989 by acquiring CF Braun Inc., one of the world's leading petroleum and chemical engineering companies. The purchase price was $59 million.

Brown & Root and CF Braun have worked together on numerous projects during the last quarter of a century. This association provides confidence that the acquisition adds value well beyond the amount of the purchase price.

CF Braun brings strong expertise in process and detail engineering, which fits perfectly with the engineering, project management and construction capabilities of Brown & Root. The accompanying matrix illustrates how well the two organizations fit together. The CF Braun organization and its 1,600 employees are now an integral part of the Brown & Root Braun business unit.

As a result of the CF Braun acquisition and its integration with the Petroleum and Chemical business unit, Brown & Root Braun now participates in markets where customers seek a single source for the engineering and construction of major petroleum and chemical projects. Several projects were awarded to Brown & Root Braun in 1989 that would not have been won without this combined capability.

The acquisition of CF Braun greatly strengthens Brown & Root's process and detail engineering capabilities as this matrix shows. Brown & Root Braun can now offer customers a single source of engineering and construction services for a wide range of petroleum and chemical industry projects.

MARKET	[illegible]	DETAIL ENGINEERING	[illegible]	MAINTENANCE
ETHYLENE	[illegible]	BRAUN	[illegible]	B&R
AMMONIA	[illegible]	BRAUN	[illegible]	B&R
OTHER PETROCHEMICALS	[illegible]	BRAUN/B&R	[illegible]	B&R
REFINING	[illegible]	BRAUN	B&R	B&R
OIL & GAS	[illegible]	BRAUN/B&R	[illegible]	B&R
SPECIALTY	[illegible]	B&R	B&R	B&R

BR00040052

Working from a campus-like facility in Alhambra, California, CF Braun engineers use the latest methods and techniques to design many types of projects. One such technique is electronic modelling, which is replacing miniature models in the design and modification of structural details. The display on the computer screen in the foreground by Carlos Aldana, a CF Braun piping designer, is projected on the wall in the background to help a client modify piping for an ethylene plant in Texas.

BR000040053

A submarine trencher is lowered into the North Sea from a support vessel on a Rockwater Offshore Contractors cable installation project. Rockwater was formed at the end of 1989 when Halliburton combined its diving service business unit with the subsea construction business of Smit International.

Forest Products Business Growing

The ability to manage the integration of engineering and construction services also produced significant results in the Brown & Root Forest Products business unit during the year.

Brown & Root was awarded large jobs to engineer and construct projects for Champion International in Alabama and Nekoosa Papers in Arkansas. The combined contract value of these two projects exceeds $1 billion. On projects of this magnitude, the ability to engineer, manage procurement of materials and build the projects is a significant competitive advantage because the project owner can rely upon Brown & Root to coordinate the interface among these activities. This provides meaningful cost savings for the customer and greater profit opportunities for Brown & Root. Both of these projects are continuations of long term relationships with these customers.

Additional Restructuring of Marine Unit

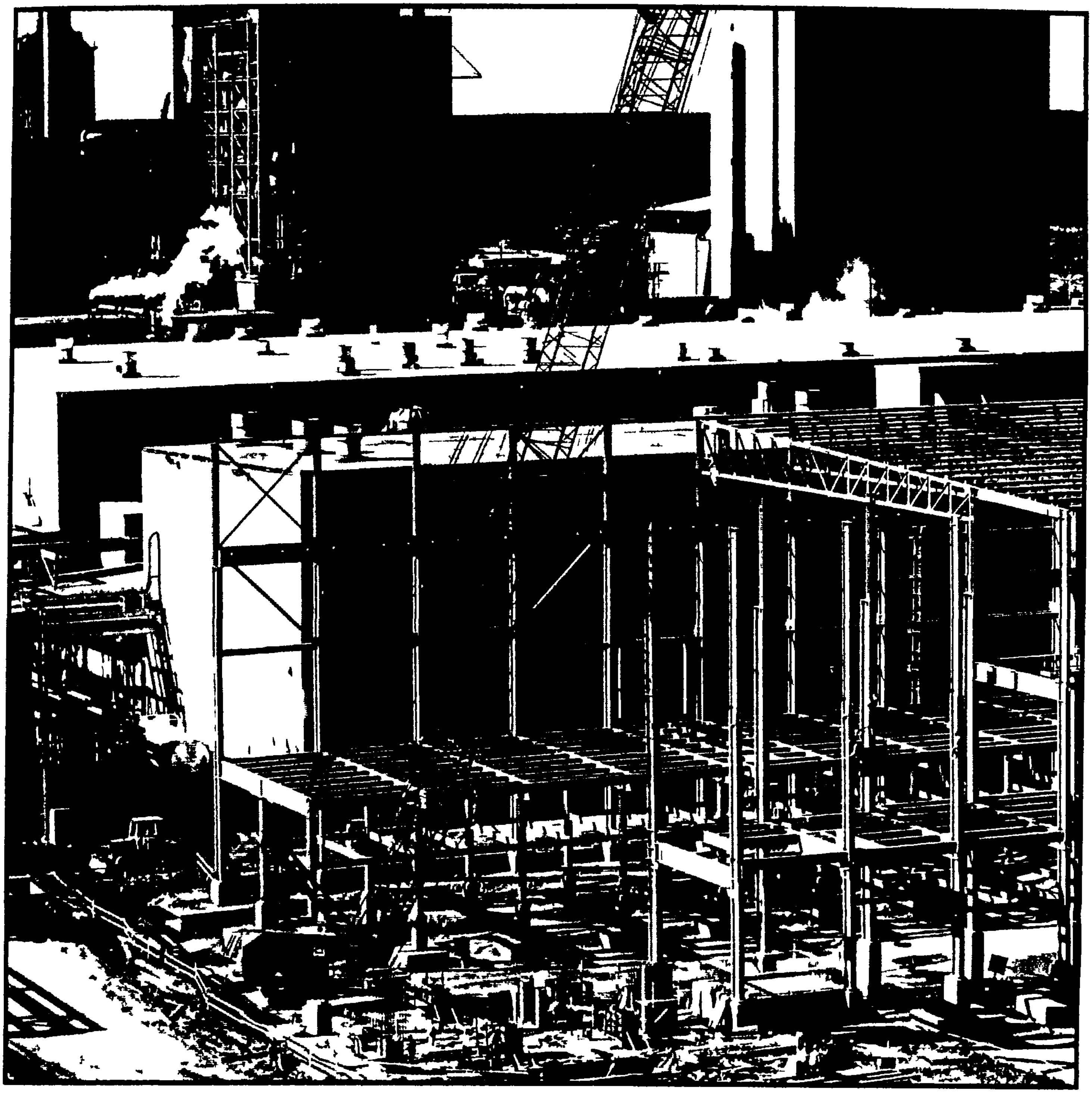
Brown & Root Marine took several additional steps during the year to reduce its participation in the more capital intensive sectors of the offshore construction business while at the same time continuing to grow its marine engineering and project management business.

A decision was made in late 1989 to seek a purchaser for a major portion of Brown & Root's marine construction assets. The assets which may be sold include most of Brown & Root's vessels and barges currently operating in the United States, Far East and Middle East. It is expected that such a sale will be completed during 1990. This possible sale does not include Brown & Root's equity interests in European Marine Contractors, Highlands Fabricators and Rockwater Offshore Contractors.

In 1989 the Company sold its 17.5% interest in Zapata Gulf Marine Company for $31.5 million. This interest was established in 1984 when Halliburton joined with several other companies to combine their supply vessel and tug fleets serving the offshore oil and gas industry. At that time the market for these vessels was awash with oversupply. The combination achieved significant cost savings and created a successful business. The sale of the Company's interest is a withdrawal from an investment that no longer meets the needs of Brown & Root's marine business.

At the end of 1989 the Company combined its diving services business unit with the subsea construction business of Smit International Group to form Rockwater Offshore Contractors. Halliburton owns 50 percent of this new company, which is based in Aberdeen, Scotland. Rockwater is one of the leading subsea service companies in the world, with particularly strong market positions in Europe and the Middle East.

BRC00040054



At the end of the year Brown & Root's Forest Products business unit was well underway on two major pulp and paper mill expansion projects. One of these was for Nekoosa Papers at Ashdown, Arkansas. Part of the superstructure, which will house a new 3[illegible] inch wide uncoated free sheet paper machine, can be seen under construction in the foreground. The machine will be able to process paper at a rate up to [illegible],000 feet per minute. Brown & Root built the original plant shown in the background in the late 1960s and has participated in several updates since that time.

BR000040055

Brown & Root Marine continued expansion of its engineering business in 1989 The unit employed about ? 400 engineers and technical personnel at yearend Completed in 1989 were engineering projects for Shells Kittiwake and Sole Pit fields in the North Sea British Petroleums Miller field in the North Sea and Exxons Santa Ynez project in Santa Barbara California

In 1989 the marine engineering unit received significant new awards in the North Sea from Occidental Petroleum for its Piper field redevelopment project and from British Petroleum for a project in the Bruce field

NUS Meeting Environmental Needs

Markets for the group's environmental services continue to expand as industries in the United States respond to the heightened awareness of clean air and water concerns NUS has been the Company s principal participant in this market NUS developed its environmental services capabilities to provide a wide range of services to the commercial nuclear industry As the environmental regulatory process grew in the early 1980s NUS became a major support contractor for the United States Environmental Protection Agency Later NUS expanded to provide environmental health and safety services to industries seeking to comply with evolving environmental regulatory requirements NUS now provides a full range of environmental engineering consulting safety training and laboratory services

A meeting of aliens from outer space? No its a training program for toxicological and radiological technicians being run by Halliburtons NUS Corporation for the United States Environmental Protection Agency In five days of intensive training at a camp in New Jersey the technicians are taught hazard recognition evaluation and control and emergency responses The gas- and vapor-tight environmental suits were donned shortly before the students participated in a simulated emergency exercise.

BR000040056

Actions have also been taken to extend the Company's environmental services into European and Far Eastern markets where environmental concerns are also becoming national priorities. The experience that NUS and other business units have developed in the United States gives Halliburton a competitive advantage in these markets.

New Hazardous Waste Remediation Unit

In addition to NUS, Halliburton Services and Brown & Root also have developed specialized services applicable to cleanup and remediation of hazardous waste. In 1989 the Company formed Halliburton Environmental Technologies Inc. (HET) as a new business unit to enter the hazardous waste site remediation market. HET brings together capabilities developed by these three business units to provide comprehensive remediation services to industry and government.

The demand for these services comes from many of the Company's customers for its oil field, engineering and construction services. HET is an extension of Halliburton's existing skills into a new market providing services to familiar customer groups.

Outlook

Further improvement in the performance of the engineering and construction services group is expected during 1990.

Demand for the group's services continues to increase. This is evidenced by a growing backlog which was $3.8 billion at the end of 1989, an increase of $1.[illegible] billion for the year. The year's biggest backlog gains were experienced by the Brown & Root Forest Products and Brown & Root Braun units.

The major focus of the group will be improvement of profit margins through cost control and concentration of marketing efforts in those businesses where it has sustainable competitive advantage. The group will continue to expand and broaden its engineering and technical capabilities as a means to achieve its goals.

Highlands Insurance Company

[illegible]

[illegible]

The insurance services group includes Highlands Insurance Company and Health Economics Corporation. Halliburton Company sold Life Insurance Company of the Southwest for $77 million in 1989 after determining that continued ownership no longer provided a significant advantage to the Company and that the life insurance company's future success requires ownership with a long term commitment to the life insurance business.

Highlands underwrites a broad spectrum of property and casualty insurance. Highlands has experienced many of the difficulties facing the property and casualty insurance industry in the United States. During 1989 a number of natural catastrophes and industrial accidents adversely impacted underwriting results. In order to control underwriting losses in the future, several lines of business have been reduced.

Highlands writes a significant amount of workers' compensation insurance, particularly in Texas. During the past several years the profitability of this line of business has been adversely impacted by large assessments from the assigned risk pool in Texas, which provides coverage to employers who cannot obtain private insurance. At the end of 1989 major workers' compensation reform was adopted in Texas which, together with continued improvement in rates, should mitigate assessments from the assigned risk pool in the future. It will take several years to assess the effectiveness of these reforms. Meanwhile, Highlands will continue its conservative underwriting practices.

Highlands' investment portfolio consists solely of investment grade securities and does not include "junk" bonds which have caused problems for some other industry participants.

Health Economics Corporation (HEC) has expanded its services to employers for management of healthcare benefits. These services include utilization review, claims processing, management of preferred provider organizations (PPOs), self-insured healthcare benefit review and design, and healthcare data studies for employers, coalitions and insurance companies. Proposed accounting rules changes to currently record the future cost of post retirement benefits have increased the benefit of these services to employers. More than 975,000 employees and dependents are now covered by Health Economics' services.

	1989	1988	1987	1986	1985
Revenues	$ 354.9	$ 513.4	$ 467.7	$ 410.8	$ 324.4
Operating Income	32.5	29.0	31.5	44.8	28.[illegible]
Depreciation and Amortization	1.7	[illegible].0	1.7	1.7	1.4
Capital Expenditures	1.7	1.4	3.1	1.4	1
Identifiable Assets	914.0	1,516.[illegible]	1,319.[illegible]	1,167.0	1,018.5
Employees	900	1,000	1,100	1,100	1,100

BR0000 400 58

Selected Financial Data

	1989	1988	1987	1986	1985
				(in millions except per share data)	
[illegible]	[illegible]	[illegible]	[illegible]	4,851.5	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	(3.51)	(3.12)
[illegible]	1.00	1.00	1.00	1.20	0.80
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5,103.1
[illegible]	[illegible]	[illegible]	[illegible]	(515.2)?	28.7
[illegible]	[illegible]	[illegible]	[illegible]	(152)	(339.3)
[illegible]	[illegible]	[illegible]	[illegible]	199.7	5,402.2
[illegible]	[illegible]	[illegible]	[illegible]	45.2	477.4

[illegible]

Management's Discussion and Analysis of Results of Operations and Financial Condition

RESULTS OF OPERATIONS

1989 Compared to 1988

Revenues for 1989 were $5,661.2 million, an increase of 17% from the prior year while operating income was $239.2 million, up 57% from 1988. Each of the Company's three segments had improvement in operating income in 1989, with the largest increase attributable to oil field services and products. Net income for the year was $135.0 million, compared to $93.6 million in 1988. Net income per share was $1.27, an increase of 43% from 89 cents per share in 1988.

Oil Field Services and Products

[illegible]

Engineering and Construction Services

Revenues from engineering and construction services increased 33% in 1989 to $2,858.3 million. Activity increased in both domestic and international operations, with revenue increasing 38% and 18%, respectively. Operating income increased by 24% to $57.2 million in 1989. Most of the improvement resulted from improved profitability in international operations. Operating income from domestic operations increased by 4%, reflecting lower margins primarily as a result of losses on two civil projects which were substantially complete by yearend.

The Company enters 1990 with a [illegible] larger backlog of engineering and construction projects than existed at the beginning of 1989.

Insurance Services

[illegible]

[illegible]

[illegible]

1988 Compared to 1987

Consolidated revenues for 1988 were $4,848.7 million, an increase of 26% from 1987. Improved performance for all three segments and the acquisitions of GSI and Gearhart accounted for the increase in revenues. Excluding the revenues of GSI and Gearhart, total revenues increased 17% due primarily to increased service volume.

Consolidated operating income for 1988 was $152.8 million as compared to operating income of $51.2 million for 1987. Nearly all of the improvement in operating income occurred in international operations. Total operating income was not materially affected by the consolidation of GSI or Gearhart. However, a $27.2 million (before tax) provision for restructuring the Company's geophysical and logging businesses reduced 1988 operating profit by 15%. Most of the impact of this provision occurred in domestic operations.

Net income for 1988 was $93.6 million, or 89 cents a share. Net income for 1987 was $48.1 million, or 45 cents a share. Excluding the effects of a change in accounting method, net income for 1988 would have been $84.6 million, or 81 cents a share.

Oil Field Services and Products

Revenues from oil field services and products increased 40% to $2,173.0 million. Excluding revenues resulting from acquisitions of GSI and Gearhart, oil field services and products revenues increased 16%. Most of the revenue improvement (excluding acquisitions) occurred in the first half of the year. Operating income for the oil field services and products segment was $95.8 million as compared to operating income of $17.7 million for 1987. Most of this improvement occurred in international operations.

Engineering and Construction Services

Engineering and construction services revenues increased 18% to $2,152.3 million while operating income increased from $18.9 million in 1987 to $46.6 million in 1988. Most of this improvement occurred in international operations.

Insurance Services

Revenues from the insurance services segment were $513.4 million as compared to $462.7 million in 1987, an increase of 11%. Operating income of $29.0 million for 1988 was down from $31.5 million in 1987 because increased underwriting losses exceeded improvements in investment income.

Nonoperating Items

General corporate expenses were $18.6 million in 1988 as compared to $16.9 million in 1987. Interest expense and income were $2.2 million and $17.2 million lower, respectively. The decrease in interest income is mainly due to the use of cash resources to complete the acquisitions of GSI and of Gearhart. Foreign currency gains were about the same during the two years.

EFFECTS OF INFLATION

With the lessening of the annual inflation rate in the last several years, management believes that the impact of inflation on revenues, costs and expenses has been modest.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the year of 1989 with cash and equivalents of $401.8 million, an increase of $57.2 million from the prior year. Excluding cash and equivalents from the insurance services group, which are restricted from general corporate purposes unless paid to the parent as a dividend, cash and equivalents were $361.8 million at the end of 1989 compared to $283.3 million and $547.3 million at year-end 1988 and 1987 respectively. The reduction in 1988 was mainly due to the acquisition of GSI and Gearhart.

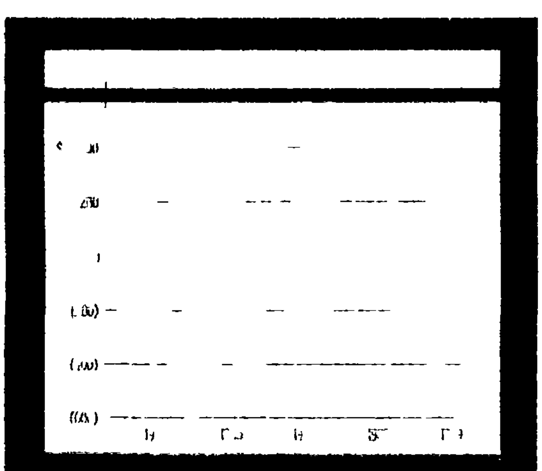
Operating Activities

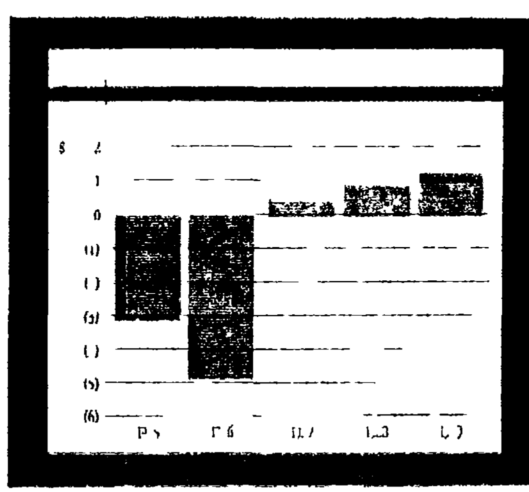
Cash flows from operating activities were $412.1 million, down $174 million from that of the prior year. During 1989 Life Insurance Company of the Southwest was sold. It produced $32.1 million cash flow from operations in 1989 compared to $150.7 million in 1988.

Investing Activities

Cash flows used in investing activities were $233.7 million, down $335.9 million from that of the prior year.

Acquisitions of property, plant and equipment totalled $202.4 million in 1989, $168.9 million in 1988 and $79.6 million in 1987. Funds required to complete capital assets in progress at year-end 1989 plus initial 1990 approved budget totalled $391.4 million. During recent years, lower levels of business activity, primarily in the oil field services and product segment, caused the Company to





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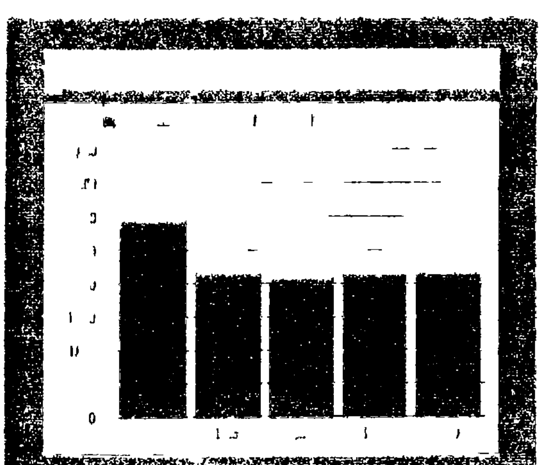
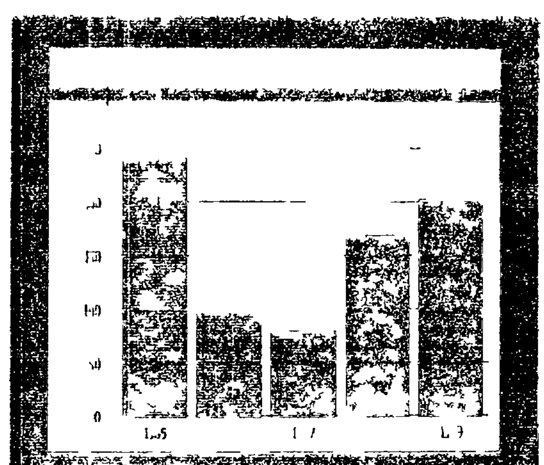
Responsibility for Financial [illegible]





[illegible]

[illegible]

[illegible]

[illegible]

[illegible]	[illegible]	[illegible]

Statement of Accounting Policies

Principles of Consolidation [illegible]

Cash Equivalents [illegible]

Investments [illegible] insurance subsidiary [illegible] mortgage loans [illegible] Mortgage loans are [illegible] uncollectible amounts [illegible] are carried at quoted market and the difference [illegible] is credited or charged to shareholders' equity as [illegible] depreciation on investments in equity securities.

Inventories Inventories are stated at cost which is not in excess of market. Cost [illegible] production cost [illegible] items and original cost less [illegible] material returned to stock. Production cost [illegible] manufacturing overhead [illegible] sales [illegible] work in process and raw materials except those owned [illegible] subsidiaries are valued on [illegible] (LIFO) basis [illegible] items owned by foreign subsidiaries and inventories of [illegible] supplies and parts are generally valued at average cost.

Depreciation and Maintenance Depreciation for financial reporting purposes is [illegible]

[illegible]

Income Taxes [illegible]

[illegible]

Reserves for Insurance [illegible]

[illegible] of the policies.

Contingencies [illegible] resolved.

Foreign Currency Translation [illegible] the U.S. dollar [illegible] liabilities [illegible] exchange rates [illegible] historical rates. Income and expense accounts [illegible] translated at [illegible] average rates in effect during the year [illegible] translated at historical rates. Therefore, translation adjustments and transaction gains or losses are recognized in consolidated income [illegible] the remaining entities [illegible] currency and [illegible] translated [illegible] translated at [illegible] translation [illegible] are reflected in [illegible] shareholders' equity [illegible] cumulative translation adjustment.

Some transactions of the Company [illegible] hedge [illegible] protect the value of the investments [illegible] foreign subsidiaries [illegible] the hedges are [illegible] cumulative translation adjustment account.

Income Per Share [illegible]

Notes to Financial Statements

Receivables. [illegible] accounts receivable at December 31, 1989 include [illegible] million [illegible] at December 31, 1988 [illegible] currently collectible from [illegible] engineering and [illegible] million is [illegible] to be collected [illegible] 1990 and the remainder is due in subsequent [illegible]

[illegible] work currently [illegible] billed during normal billing processes in the next month.

Inventories. [illegible]

[illegible]

	1989	1988
	(in millions)	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

[illegible]

	1989	1988
	(in millions)	
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

[illegible]

Income Taxes. The components of the provision [illegible] for income taxes are:

	1989	1988	1987
	(in millions)		
Current income taxes:			
Federal	[illegible]	[illegible]	(0.9)
Foreign	[illegible]	[illegible]	18.5
State	[illegible]	[illegible]	6.0
Total	[illegible]	[illegible]	24.6
Deferred income taxes:			
Federal	[illegible]	[illegible]	(9.7)
Foreign and state	[illegible]	[illegible]	(2.2)
Total	[illegible]	[illegible]	(11.9)
[illegible]	[illegible]	[illegible]	12.7

[illegible] timing differences [illegible] as follows:

	1989	1988	1987
	(in millions)		
[illegible] contracts	[illegible]	[illegible]	(12.9)
Depreciation	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	(8.5)
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	(1.3)
Other	[illegible]	[illegible]	(1.3)
[illegible]	[illegible]	[illegible]	(11.9)

[illegible]

	1989	1988	1987
	(in millions)		
[illegible]	[illegible]	[illegible]	[illegible]
Foreign	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

5. [illegible] Debt. The Company has [illegible] with several U.S. banks [illegible] short-term lines of credit totaling $405.0 million. No borrowings were outstanding at December 31, 1989 under any of these credit facilities.

Long-term debt at December 31, 1989 and 1988 consisted of the following:

	1989	1988
	(In millions)	
10.7% debentures due June 1, 2005 with annual sinking fund installments of $5.6 million in 1996 and $13.5 million thereafter	$123.5	$123.5
9.75% debentures due April 1, 2000 with annual sinking fund installments of $9.8 million in 1995 and $10.0 million thereafter	$49.8	$49.8
7.95% debentures due December 1, 199[illegible] with annual sinking fund installments of $[illegible] million in 1992 and $[illegible] million thereafter	19.9	19.9
Other notes with varying interest rates	5.6	6.4
Total	$198.8	$199.6

The [illegible] of long-term debt [illegible] for the [illegible] are as follows: 1990 [illegible] million; 1991 [illegible] million; 199[illegible] million; and [illegible] million.

[illegible]

7. Series A Junior Participating Preferred Stock [illegible] declared a dividend of one [illegible] outstanding share of common stock, par value $2.50 [illegible] ("Common Shares"). The terms of the outstanding Rights were [illegible] modified by the Company's Board of Directors [illegible] Amended Rights Agreement [illegible] to the Amended Rights Agreement [illegible] will entitle the holder thereof to buy one one-hundredth of [illegible] of the Company's Series A Junior Participating Preferred Stock without par value [illegible] Preferred Shares) at an exercise price of $70.00, subject to certain antidilution adjustments. The Rights will not be exercisable or transferable apart from the Common Shares, until the tenth business day after a person or group (i) acquires 20% or more of the Common Shares or (ii) announces an intention to make a tender or exchange offer for [illegible] of the Common Shares. The Rights will not have any voting rights or be entitled to dividends. If, after the Rights become exercisable, (i) the Company is acquired into another entity, (ii) an acquiring entity merges into the Company and the Common Shares are changed for other securities or [illegible], or (iii) the Company [illegible] the assets or earning power [illegible] right will entitle [illegible] the exercise price, or the [illegible] the acquiring company having a [illegible] the Right. Alternatively [illegible] Common Shares [illegible] will entitle the holder [illegible]

[illegible]

[illegible] include the [illegible] insurance [illegible] limited [illegible]

[illegible]

	[illegible]	[illegible]
	(millions)	
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	1,05[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
[illegible] assets	[illegible]	1,[illegible]
[illegible]	[illegible]	[illegible]
[illegible] cumulated [illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	1,[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] claims	[illegible]	1,04[illegible]
[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	1,[illegible]

COMBINED [illegible]

	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]			[illegible]
[illegible]	[illegible]		
		[illegible]	[illegible]
Operating income		[illegible]	[illegible]
Foreign [illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Benefit (provision) [illegible]	[illegible]	[illegible]	
Income [illegible] method	[illegible]		[illegible]
Change in [illegible]	[illegible]		
[illegible]	[illegible]		[illegible]

[illegible] million [illegible] in 19[illegible]

In 19[illegible] [illegible] Accounting Standards No. 97 [illegible] Investments [illegible] accounting standards [illegible] in 19[illegible] increased [illegible] cumulative [illegible]

[illegible]

BR0000480 70

13 **Quarterly Financial Information (Unaudited)** Summarized quarterly financial information for 198? and 1988 is as follows

	First	Second	Third	Fourth
	(In millions except per share data)			
1989				
Revenues	$1 196 7	$1 371 1	$1 ?68 1	$1 625 ?
Operating income	20 9	60 ?	7? 7	84 ?
Net income	13 7*	?1 ?	?2 ?	?7 5
Earnings per share	13*	29	?0	?5
Cash dividends paid per share	25	25	2?	25
1988				
Revenues	$1 047 ?	$1 192 0	$1 ?2?9	$1 375 3
Operating income	?6 9	?? 0	60 0	?? 9
Net income	31 ?*	24 7	?? ?	11 8
Earnings per share	?0	2?	??	11
Cash dividends paid per share	?	??	?5	?5

Includes $1 3 million (1 cent per share) attributable to a change in accounting method (see Note ?)
*Includes $?0 million (8 cents per share) attributable to a change in accounting method (see Note ?)

BR0000 40063

Report of Independent Public Accountants

[illegible]

[illegible] Company and [illegible]

[illegible] accounting principles.

[illegible]

Five Year Financial Record

	1989	[illegible]	[illegible]	[illegible]	[illegible]
	(Dollars in millions [illegible])				
Operating Results					
[illegible]					
Oil [illegible]	$1,705	[illegible]	[illegible]	[illegible]	$ 1,612.6
[illegible]	[illegible]	685	[illegible]	[illegible]	[illegible]
[illegible] and products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] and construction services	858	[illegible]	[illegible]	700	1,336
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Revenues	661	[illegible]	[illegible]	[illegible]	$ 103.1
Operating income (loss)					
[illegible] and products	[illegible]	[illegible]		[illegible]	65.0
[illegible]	[illegible]	6	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	61	[illegible]	[illegible]	(15.0)
Total Operating Income (loss)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]		[illegible]	10.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minority interest [illegible] (income) loss of consolidated subsidiaries	[illegible]	[illegible]			(3.3)
[illegible] accounting methods and [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Income Taxes	[illegible]	[illegible]			369.0
Income (loss)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income [illegible] extraordinary item	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]			[illegible]	(3.17)
Cash [illegible]	[illegible]	[illegible]		[illegible]	[illegible]
Percent [illegible] shareholders	[illegible]	[illegible]		[illegible]	10.9%
Financial Position					
Total [illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]			[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Financial Data					
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
[illegible]	[illegible]		[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Management and Corporate Information

Board of Directors

Anne L Armstrong (1977)
Chairman of the President's Foreign Intelligence Advisory Board Chairman of the Board of Trustees, Center for Strategic and International Studies director of several corporations former Ambassador to Great Britain
Armstrong Texas

T Louis Austin Jr (1983)
Chairman of the Board and Chief Executive Officer Brown & Root Inc
Houston Texas

Robert W Campbell (1989)
Chairman of the Board (Retired) Canadian Pacific Limited
Calgary Alberta Canada

The Rt Hon Lord Clitheroe* (1987)
Deputy Chief Executive (Retired), The RTZ Corporation PLC
London England

Edwin L Cox (1979)
Chairman Cox Oil and Gas Inc
Dallas, Texas

Robert L. Crandall (1986)
Chairman and President AMR Corporation/American Airlines, Inc
Dallas/Fort Worth International Airport Texas

Thomas H Cruikshank (1977)
Chairman of the Board and Chief Executive Officer Halliburton Company
Dallas, Texas

James W Glanville (1977)
General Partner Lazard Freres & Company
New York New York

Dale P Jones (1988)
President Halliburton Company
Dallas, Texas

Guy T McBride Jr (1972)
President Emeritus Colorado School of Mines
Golden Colorado

F James McDonald (1987)
President and Chief Operating Officer (Retired) General Motors Corporation
Bloomfield Hills Michigan

E L Williamson (1981)
Chairman of the Board and Chief Executive Officer (Retired) The Louisiana Land and Exploration Company
New Orleans Louisiana

*Member of the Compensation and Audit Committees
Date indicates year of election to the Board of Directors

Executive Committee

T Louis Austin Jr
Chairman of the Board and Chief Executive Officer Brown & Root Inc
Houston Texas

Alan A Baker
President Oil Field Services Group Halliburton Company
Dallas, Texas

Lester L Coleman
Executive Vice President Finance and Corporate Development Halliburton Company
Dallas, Texas

Thomas H Cruikshank
Chairman of the Board and Chief Executive Officer Halliburton Company
Dallas Texas

James A Dunlop
President Halliburton Logging Services, Inc
Houston Texas

Dale P Jones
President Halliburton Company
Dallas Texas

W Bernard Pieper
President and Chief Operating Officer Brown & Root Inc
Houston Texas

Purvis J Thrash
President Otis Engineering Corporation
Dallas, Texas

Corporate Officers

Halliburton Company
Dallas Texas

Thomas H Cruikshank Chairman of the Board and Chief Executive Officer

Dale P Jones President

Lester L Coleman Executive Vice President Finance and Corporate Development

Jerry H Blurton Vice President and Controller

C Robert Fielder Vice President and Treasurer

Susan S Keith Vice President and Corporate Secretary

Robert M Kennedy Vice President Legal

Guy T Marcus Vice President Investor Relations

Jack R Skinner Vice President Taxes

Karen S Stuart Vice President Administration

Oil Field Services Group

Halliburton Oil Field Services Group
Executive Offices
3600 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201 3391
(214) 978 2600
Alan A Baker President
Jimmy C Couper Vice President Finance

Halliburton Services Division
Executive Offices
2700 Post Oak Blvd
Suite 2000
Houston Texas 77056
(713) 840-2700
Kenneth R LeSuer President
John G Cook Senior Vice President Domestic Operations
Len F Maier Vice President International Operations

Otis Engineering Corporation
2601 Beltline Road
Carrollton Texas 75006
(214) 418 3000
Purvis J Thrash President
Jerry B Davis Executive Vice President

Halliburton Logging Services
2135 Highway 6 South
Houston Texas 77 42
(713) 496 8100
James A Dunlop President
William D M Smith Senior Vice President Field Operations

Halliburton Geophysical Services Inc
6909 Southwest Freeway
Houston Texas 77074
(713) 774 7561
Don B Sheffield President
Gerald M Gilbert Vice President Operations

Halliburton Reservoir Services
5950 North Course Drive
Houston Texas 77072
(13) 561 1450
Walter E Bliss President

Halliburton Resource Management Division
1575 Elm Street
Suite 900
Dallas Texas 75 01
(14) 954 6100
James M Kilpatrick, President

Sierra Geophysics Inc
11255 Kirkland Way
Suite 300
Kirkland Washington 98033
(06) 8 5 00
Robert S Hart President

Halliburton Geodata Ltd
Howe Moss Drive
Kirkhill Industrial Estate
Dyce Aberdeen
AB OGI Scotland
(0 4) 0 355
Anthony F Armistead Managing Director

Jet Research Center
001 South I 35
Alvarado Texas 600 9
(81) 83 5111
Joseph E Eggleston President

Engineering and Construction Services Group

Brown & Root, Inc.
...
Ed[illegible] Vinton Jr. Chairman and Chief Executive Officer
W. Bernard Pieper President and Chief Operating Officer
Tommy E. Knight Senior Vice President [illegible]
Operations
[illegible] Chairman [illegible]

Brown & Root Braun
[illegible] and Chemical
Steven H. [illegible]

Brown & Root Marine
Keith [illegible] Henry, Managing Director

Brown & Root Civil
Steven [illegible] Zander, President

Brown & Root Forest Products
Emil M. Zerr, President

Brown & Root Industrial Services, Inc.
[illegible] D. [illegible] President

Brown & Root Power
Randy R. Harl, President

Brown & Root Services Corporation
Arthur E. Stephens, President

Brown & Root Manufacturing and Process Industries
Emil M. Zerr, President

[illegible] Corporation
[illegible] Road
[illegible] MD [illegible]
[illegible]
Charles F. [illegible] Chairman and Chief Executive Officer
Peter D. Arrowsmith, President and Chief Operating Officer

Halliburton Environmental Technologies, Inc.
[illegible] North [illegible] Drive
Houston, Texas
[illegible]
[illegible] President

Insurance Services Group

Highlands Insurance Company
600 Jefferson Street
Houston, Texas [illegible]
[illegible]
Harold C. Dubbe, President

Health Economics Corporation
[illegible] West Mockingbird Lane
Dallas, Texas [illegible]
[illegible] 4400
Stephen F. [illegible] President

Shareholder Information

Corporate Office

3600 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201-[illegible]
[illegible]-600

Shares Listed

New York Stock Exchange
Symbol: HAL
The Stock Exchange, London
Swiss Stock Exchanges at Zurich, Geneva, Basel and Lausanne
The Toronto Stock Exchange

Transfer Agents and Registrars

Principal Agent
NCNB Texas National Bank
Corporate Securities Services
P.O. Box 83140
Dallas, Texas 75283-[illegible]

First Chicago Trust Company of New York
30 West Broadway
New York, New York 1000[illegible]

Central Guaranty Trust Company
55 University Avenue
Toronto, Ontario M5J [illegible]

Form 10-K Report

Shareholders can obtain a copy of the Company's annual report to the Securities and Exchange Commission, Form 10-K, by contacting:

Vice President, Investor Relations
Halliburton Company
3600 Lincoln Plaza
500 North Akard Street
Dallas, Texas 75201-[illegible]
[illegible] 600

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